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| Adopted | Rejected |
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COMMITTEE REPORT

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| YES: | 25 |
| NO: | 0 |

MR. SPEAKER:

*Your Committee on Ways and Means, to which was referred Senate Bill 327, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill **be amended** as follows:*

- 1 Delete the title and insert the following:
- 2 A BILL FOR AN ACT to amend the Indiana Code concerning state
- 3 offices and administration.
- 4 Page 1, between the enacting clause and line 1, begin a new
- 5 paragraph and insert:
- 6 "SECTION 1. IC 4-3-12-3, AS AMENDED BY P.L.58-2002,
- 7 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 8 JULY 1, 2004]: Sec. 3. The corporation, after being certified by the
- 9 governor under section 1 of this chapter, may:
- 10 (1) establish programs to identify entrepreneurs with marketable
- 11 ideas and to support the organization and development of new
- 12 business enterprises, including technologically oriented enterprises;
- 13 (2) conduct conferences and seminars to provide entrepreneurs
- 14 with access to individuals and organizations with specialized

1 expertise;

2 (3) establish a statewide network of public, private, and
3 educational resources to assist the organization and development
4 of new enterprises;

5 (4) operate a small business assistance center to provide small
6 businesses, including minority owned businesses and businesses
7 owned by women, with access to managerial and technical
8 expertise and to provide assistance in resolving problems
9 encountered by small businesses;

10 (5) cooperate with the Indiana business modernization and
11 technology corporation, other public and private entities, including
12 the Indiana small business development network and the federal
13 government marketing program, in exercising the powers listed in
14 subdivisions (1) through (4);

15 ~~(6) establish and administer the small and minority business~~
16 ~~assistance program under IC 4-3-16;~~

17 ~~(7) approve and administer loans from the enterprise development~~
18 ~~fund established under IC 4-3-13; and~~

19 ~~(8)~~ (6) coordinate state-funded programs that assist the
20 organization and development of new enterprises.

21 SECTION 2. IC 4-3-13-1.5 IS AMENDED TO READ AS
22 FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 1.5. As used in this
23 chapter, "corporation" refers to the Indiana ~~small business economic~~
24 ~~development corporation.~~ **council established under IC 4-3-13.**

25 SECTION 3. IC 4-3-13-2 IS AMENDED TO READ AS FOLLOWS
26 [EFFECTIVE JULY 1, 2004]: Sec. 2. As used in this chapter, "fund"
27 refers to the ~~enterprise development~~ **microenterprise partnership**
28 **program fund established by section 9 of this chapter.**

29 SECTION 4. IC 4-3-13-8 IS AMENDED TO READ AS FOLLOWS
30 [EFFECTIVE JULY 1, 2004]: Sec. 8. (a) The general assembly makes
31 the following findings of fact:

32 (1) There exists in Indiana an inadequate amount of locally
33 managed, pooled investment capital in the private sector available
34 to invest in new and existing business ventures, including business
35 ventures by nontraditional entrepreneurs.

36 (2) Investing capital and business management advice in new and
37 existing business ventures, including business ventures by

nontraditional entrepreneurs, will enhance economic development and create and retain employment within Indiana. This investment will enhance the health and general welfare of the people of Indiana and constitutes a public purpose.

(3) Nontraditional entrepreneurs have not engaged in entrepreneurship and self-employment to the extent found in the mainstream of Indiana's population. Realizing the potential of these nontraditional entrepreneurs will enhance Indiana's economic vitality.

(b) Therefore, it is declared to be the policy of the state to promote economic development and entrepreneurial talent of the state's inhabitants by the creation of the ~~enterprise development~~ fund for the public purpose of promoting opportunities for gainful employment and business opportunities.

SECTION 5. IC 4-3-13-9, AS AMENDED BY P.L.58-2002, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 9. (a) The ~~enterprise development~~ **microenterprise partnership program** fund is established. The fund is a revolving fund for the purpose of:

(1) providing loans approved by the corporation under this chapter and IC 4-3-12-3;

(2) providing loans or loan guarantees under the small and minority business financial assistance program established by IC 4-3-16;

(3) carry out the microenterprise partnership program under IC 4-4-32.4; and

~~(4)~~ **(4)** paying the costs of administering this chapter, ~~and~~ IC 4-3-16, **and IC 4-3-32.4.**

The fund shall be administered by the corporation.

(b) The fund consists of:

(1) amounts appropriated by the general assembly;

(2) the repayment proceeds (including interest) of loans made from the fund; and

(3) donations, grants, and money received from any other source.

(c) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested.

(d) Money in the fund at the end of a state fiscal year does not revert to the state general fund.

(e) The fund is subject to an annual audit by the state board of accounts. The fund shall bear the full costs of this audit.

SECTION 6. IC 4-3-13-19 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 19. (a) As used in this section, "eligible entity" means any partnership, unincorporated association, corporation, or limited liability company, whether or not operated for profit, that is established for the purpose of establishing a local investment pool.

(b) A local investment pool may be established only by an eligible entity. A political subdivision may participate in the establishment of an eligible entity but may not be the sole member of the eligible entity.

(c) The articles of incorporation or bylaws of the eligible entity, as appropriate, must provide the following:

(1) The exclusive purpose of the eligible entity is to establish a local investment pool to:

(A) attract private equity investment to provide grants, equity investments, loans, and loan guarantees for the establishment or operation of businesses in Indiana; and

(B) provide a low to moderate rate of return to investors in the short term, with higher rates of return in the long term.

(2) The governing body of the eligible entity must include:

(A) persons who are qualified by professional background and business experience to make sound financial and investment decisions in the private sector; and

(B) representatives of nontraditional entrepreneurs.

(3) The eligible entity may receive funds from:

(A) equity investors;

(B) grants and loans from local units of government;

(C) grants and loans from the federal government;

(D) donations; and

(E) loans from the ~~enterprise development~~ fund.

SECTION 7. IC 4-3-13-20 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 20. (a) A local opportunity pool may be established only by a nonprofit corporation or a for profit corporation established for that purpose. A political

subdivision may participate in the establishment of such a corporation but may not be the sole member of the corporation.

(b) The articles of incorporation or bylaws of the corporation, as appropriate, must provide the following:

(1) The exclusive purpose of the corporation is to establish a local opportunity pool to:

(A) attract sources of funding other than private equity investment to provide grants, loans, and loan guarantees for the establishment or operation of nontraditional entrepreneurial endeavors in Indiana; and

(B) enter into financing agreements that seek the return of the principal amounts advanced by the pool, with the potential for a greater return.

(2) The board of directors of the corporation must include:

(A) persons who are actively engaged in Indiana in private enterprise, organized labor, or state or local governmental agencies and who are qualified by professional background and business experience to make sound financial and investment decisions in the private sector; and

(B) representatives of nontraditional entrepreneurs.

(3) The corporation may receive funds from:

(A) philanthropic foundations;

(B) grants and loans from local units of government;

(C) grants and loans from the federal government;

(D) donations;

(E) bequests; and

(F) loans from the ~~enterprise development~~ fund.

SECTION 8. IC 4-3-14-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 4. (a) The articles of incorporation or bylaws of the corporation, as appropriate, must provide that:

(1) the exclusive purpose of the corporation is to contribute to the strengthening of the economy of the state by:

(A) coordinating the activities of all parties having a role in the state's economic development through evaluating, overseeing, and appraising those activities on an ongoing basis;

(B) overseeing the implementation of the state's economic development plan and monitoring the updates of that plan; and

- 1 (C) educating and assisting all parties involved in improving the
2 long range vitality of the state's economy;
- 3 (2) the board must include:
- 4 (A) the governor;
- 5 (B) the lieutenant governor;
- 6 (C) the chief operating officer of the corporation;
- 7 (D) the chief operating officer of the corporation for Indiana's
8 international future; and
- 9 (E) additional persons appointed by the governor, who are
10 actively engaged in Indiana in private enterprise, organized
11 labor, state or local governmental agencies, and education, and
12 who represent the diverse economic and regional interests
13 throughout Indiana;
- 14 (3) the governor shall serve as chairman of the board of the
15 corporation, and the lieutenant governor shall serve as the chief
16 executive officer of the corporation;
- 17 (4) the governor shall appoint as vice chairman of the board a
18 member of the board engaged in private enterprise;
- 19 (5) the lieutenant governor shall be responsible as chief executive
20 officer for overseeing implementation of the state's economic
21 development plan as articulated by the corporation and shall
22 oversee the activities of the corporation's chief operating officer;
- 23 (6) the governor may appoint an executive committee composed
24 of members of the board (size and structure of the executive
25 committee shall be set by the articles and bylaws of the
26 corporation);
- 27 (7) the corporation may receive funds from any source and may
28 expend funds for any activities necessary, convenient, or
29 expedient to carry out its purposes;
- 30 (8) any amendments to the articles of incorporation or bylaws of
31 the corporation must be approved by the governor;
- 32 (9) the corporation shall submit an annual report to the governor
33 and to the Indiana general assembly on or before the first day of
34 November for each year;
- 35 (10) the corporation shall conduct an annual public hearing to
36 receive comment from interested parties regarding the annual
37 report, and notice of the hearing shall be given at least fourteen

(14) days prior to the hearing in accordance with IC 5-14-1.5-5(b); and

(11) the corporation is subject to an annual audit by the state board of accounts, and the corporation shall bear the full costs of this audit.

(b) The corporation may perform other acts and things necessary, convenient, or expedient to carry out the purposes identified in this section, and it has all rights, powers, and privileges granted to corporations by IC 23-17 and by common law.

(c) The corporation shall:

(1) approve and administer loans from the microenterprise partnership program fund established under IC 4-3-13-9;

(2) establish and administer the nontraditional entrepreneur program under IC 5-13-13;

(3) establish and administer the small and minority business assistance program under IC 4-3-16; and

(4) establish and administer the microenterprise partnership program under IC 4-4-32.4.

SECTION 9. IC 4-3-16-2.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 2.5. As used in this chapter, "corporation" refers to the Indiana ~~small business economic development corporation~~ **council established under IC 4-3-14.**

SECTION 10. IC 4-3-16-2.7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 2.7. As used in this chapter, "fund" refers to the ~~enterprise development~~ **microenterprise partnership program** fund established by IC 4-3-13-9."

Page 1, line 1, delete "4-4-32" and insert "4-4-32.4".

Page 1, line 4, delete "32. and insert "**32.4**".

Page 1, line 5, delete ""department"" and insert ""**council**"".

Page 1, line 5, after "the" insert "**Indiana economic development council established under IC 4-3-14.**".

Page 1, delete line 6.

Page 2, line 9, delete "department" and insert "**council**".

Page 2, line 18, delete "department" and insert "**council**".

Page 3, line 14, after "by" insert "**at least**".

Page 3, line 26, delete "department" and insert "**council**".

Page 3, line 26, delete "adopt rules under IC 4-22-2" and insert
"prescribe standards, procedures, and other guidelines".

Page 3, delete lines 28 through 42, begin a new paragraph and insert:
**"Sec. 13. The council may use money in the microenterprise
 partnership program fund established by IC 4-3-13-9 or any other
 money available to the council to carry out this chapter.**

**Sec. 14. Before August 1, 2005, and before August 1 of each
 year thereafter, the council shall submit to the budget committee
 a supplemental report on a longitudinal study:**

**(1) describing the economic development outcomes resulting
 from microloans made under this chapter; and**

**(2) evaluating the effectiveness of the microloan delivery
 organizations and the microloans made under this chapter in:**

**(A) expanding employment and self-employment
 opportunities in Indiana; and**

**(B) increasing the incomes of persons employed by
 microenterprises.**

**SECTION 3. [EFFECTIVE JULY 1, 2004] (a) After June 30,
 2004, any reference in any law, rule, or other document to the
 enterprise development fund shall be treated as a reference to the
 microenterprise partnership program fund.**

**(b) After June 30, 2004, any reference in any law, rule, or other
 document to the Indiana small business development corporation
 as it relates to the programs established under IC 4-3-13 and
 IC 4-3-16, as effective before July 1, 2004, shall be treated as a
 reference to the Indiana economic development council.**

**(c) Effective July 1, 2004, any property or liabilities accruing to
 the Indiana small business development corporation in connection
 with the administration of IC 4-3-13 and IC 4-3-16, as effective
 before July 1, 2004, are transferred to the Indiana economic
 development council."**

Renumber all SECTIONS consecutively.

(Reference is to SB 327 as reprinted February 3, 2004.)

and when so amended that said bill do pass.

Representative Crawford